

QUETTA TEXTILE MILLS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Tariq Iqbal (Chief Executive) Mr. Mr. Tauqir Tariq Mr. Asim Khalid Mr. Omer Khalid Mrs. Saima Asim Mrs. Tabbasum Tariq Mrs. Sadaf Khalid
AUDIT COMMITTEE	Mr. Asim Khalid (Chairman) Mrs. Sadaf Khalid (Member) Mrs. Tabbasum Tariq (Member)
CHIEF FINANCIAL OFFICER	Mr. Omer Khalid
COMPANY SECRETARY	Mr. Muhammed Sohrab Ghani
AUDITORS	Mushtaq and Company Chartered Accountants 407 / 4 th Floor, Commerce Centre Hasrat Mohani Road, Karachi
BANKERS	Allied Bank Limited Al-Baraka Bank (Pakistan) Limited Bank Alfalah Limited Burj Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited Meezan Bank Limited National Bank of Pakistan Soneri Bank Limited Silk Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited
REGISTERED OFFICE	Nadir House (Ground Floor) I. I. Chundrigar Road, Karachi
MILLS	P/3 & B/4, S.I.T.E., Kotri 49 K.M. Lahore Multan Road, Bhai Pheru

QUETTA TEXTILE MILLS LIMITED

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders:

It is my pleasure to present the financial results of the company for the nine months ended on March 31, 2013.

Your company earned profit before tax of Rs.232.84 (M), as compared to Rs.137.66 (M) in the corresponding period last year. Turnover for the nine months was Rs.9.48 (B), as compared to corresponding year's Rs.8.26 (B) in March 2012, showing an increase of 14.7%. The profit after tax increased from Rs.7.85 (M) to Rs.122.06 (M). Much of the increase in profitability is due to increased production efficiency and better prices for yarn fetched from the Chinese market.

Shortage of gas supply in Punjab continues to hamper the working of the company, and running on furnace oil (HFO) is draining much liquidity. This is almost thrice the price of electricity generated from gas. The company is in the process of setting up its Grid Station which is expected to be energized within the next couple of months. We expect considerable savings in power costs after the Grid Station is operational.

This year has been a fruitful year for spinning as the company was able to procure raw cotton at good prices in the peak cotton season. We have expanded our production for niche market products and hence we expect better profits in times to come. China continues to buy good volumes of yarn from Pakistan, driven by the Chinese government cotton support price policy. Weaving business continues to face margin pressures due to very high yarn price and a highly competitive fabric market.

We thank our supporting financial institutions, workers, staff and officers for their dedication and support to the company.

On behalf of the Board of Directors

TARIQ IQBAL
CHIEF EXECUTIVE

Karachi: April 29, 2013

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2013

	Note	(Un-audited)	(Audited)
		31-Mar-13 Rupees	30-Jun-12 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	5,086,291,877	5,081,501,470
Long term deposits		45,965,553	45,408,552
		5,132,257,430	5,126,910,022
CURRENT ASSETS			
Stores, spare parts and loose tools	6	471,073,561	469,317,021
Stock in trade		3,918,605,785	3,254,744,406
Trade debts		368,399,467	335,898,019
Loans and advances		66,818,293	154,740,781
Trade deposits and short term prepayments		8,994,363	7,290,735
Other financial assets		4,070,022	7,121,668
Sales tax refundable		126,074,959	143,945,472
Income tax refundable		69,919,581	45,319,920
Cash and bank balances		26,147,250	8,408,728
		5,060,103,281	4,426,786,750
TOTAL ASSETS		10,192,360,711	9,553,696,772
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 (June 30, 2013: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
15,000,000 (June 30, 2013: 15,000,000) preference shares of Rs. 10 each		150,000,000	150,000,000
		350,000,000	350,000,000
Issued, subscribed and paid up capital			
13,000,000 (June 30, 2012: 13,000,000) ordinary shares of Rs. 10 each		130,000,000	130,000,000
Reserves		2,251,167,028	2,108,689,931
		2,381,167,028	2,238,689,931
Surplus on revaluation of property, plant & equipment		710,696,382	723,968,701
LIABILITIES			
NON CURRENT LIABILITIES			
Loans from directors and associates - subordinated		88,544,000	52,900,000
Long term financing from banking companies - secured		137,869,357	206,510,861
Redeemable capital - secured		554,000,000	923,333,333
Finance lease - secured		57,770,782	88,567,741
Deferred liabilities		542,179,167	464,483,065
		1,380,363,306	1,735,795,000
CURRENT LIABILITIES			
Trade and other payables		769,042,804	692,331,979
Accrued mark up and interest		197,851,335	173,070,772
Short term borrowings - secured		3,967,493,450	3,487,123,043
Current portion of			
Long term financing from banking companies - secured		62,213,394	145,585,732
Redeemable capital - secured		554,000,000	253,916,667
Finance lease - secured		169,533,012	103,214,947
		5,720,133,995	4,855,243,140
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		10,192,360,711	9,553,696,772

The annexed notes form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated : April 29, 2013

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Profit and Loss Account (Un-audited) For the quarter and Nine months ended March 31, 2013

	For the Nine Months Ended		Quarter Ended	
	31-Mar-13 Rupees	31-Mar-12 Rupees	31-Mar-13 Rupees	31-Mar-12 Rupees
Sales	9,480,075,535	8,262,108,201	3,417,328,166	3,051,539,686
Cost of sales	(8,253,745,032)	(7,108,381,906)	(2,884,246,089)	(2,599,673,533)
Gross profit	1,226,330,503	1,153,726,295	533,082,077	451,866,153
Other operating income	4,329,719	3,095,137	686,361	1,063,885
Distribution cost	(333,834,516)	(270,930,875)	(163,173,449)	(89,702,618)
Administrative expenses	(30,876,333)	(27,426,139)	(11,230,718)	(9,570,836)
Other operating expenses	(19,333,284)	(10,145,493)	(12,258,880)	(807,273)
Finance cost	(613,778,404)	(710,653,182)	(213,394,083)	(302,962,291)
	(993,492,818)	(1,016,060,552)	(399,370,769)	(401,979,133)
Profit before taxation	232,837,685	137,665,743	133,711,308	49,887,020
Provision for taxation	(110,779,523)	(129,818,669)	(54,535,496)	(48,092,249)
Profit for the period	122,058,162	7,847,074	79,175,812	1,794,771
Net Profit Ratio				
Profit per share - basic and diluted	9.39	0.60	6.09	0.14

The annexed notes form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Dated : April 29, 2013

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and Nine months ended March 31, 2013

	For the Nine Ended		Quarter Ended	
	31-Mar-13 Rupees	31-Mar-12 Rupees	31-Mar-13 Rupees	31-Mar-12 Rupees
Profit for the period	122,058,162	7,847,074	79,175,812	1,794,771
Other comprehensive income for the period:				
Unrealized gain on measurement of available for sale investments	-	1,345,498	-	-
Total comprehensive income for the period	122,058,162	9,192,572	79,175,812	1,794,771

The annexed notes form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Date: April 29, 2013

QUETTA TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED)
FOR THE NINE MONTH ENDED MARCH 31, 2013

	Ended March - 31, 2013 RUPEES	Ended March - 31, 2012 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	232,837,685	137,665,743
Adjustments for non cash charges and other items:		
Depreciation	183,854,051	186,396,417
Finance cost - net	613,778,404	710,653,182
Dividend income	(228,000)	(696,000)
Gain on Sales of fixed assets	(55,081)	(71,463)
Provision for gratuity	33,187,810	10,776,358
Provision for Appreciation/ diminution in the value of investment	(2,620,262)	(341,284)
Provision for workers profit participation fund	12,504,709	6,865,448
	<u>840,421,631</u>	<u>913,582,658</u>
Profit before working capital changes	1,073,259,316	1,051,248,401
Effects on cash flow due to working capital changes:		
(Increase)/ decrease in current assets:		
Stocks, stores and spares	(665,617,919)	(924,319,054)
Trade debts	(32,501,448)	230,194,484
Loans, advances, short term prepayments and other receivables	91,515,330	131,240,605
	<u>(606,604,037)</u>	<u>(562,883,965)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	84,680,722	466,273,765
Cash generated from operations	<u>551,336,001</u>	<u>954,638,201</u>
Payment for:		
Taxes	(72,097,465)	(82,677,616)
Gratuity	(11,626,793)	(19,946,475)
Workers profit participation fund	(8,433,347)	(42,109,849)
Long term deposit	(557,001)	(14,943,351)
Finance cost - net	(588,997,841)	(680,963,908)
	<u>(681,712,447)</u>	<u>(840,641,199)</u>
Net Cash Outflow From Operating Activities	(130,376,446)	113,997,002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividend received	228,000	696,000
Fixed capital expenditure	(189,503,611)	(150,122,908)
Sale Proceed of Fixed assets	890,000	525,500
Long term investment	557,001	1,726,571
Short term investments	5,653,907	9,314,774
Net Cash Outflow From Investing Activities	(182,174,703)	(137,860,063)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Long term loans - net	(44,694,224)	(36,576,242)
Short term loan- net	480,370,407	258,781,470
Redeemable capital	(69,250,000)	(69,250,000)
Finance lease	(71,798,512)	(64,944,833)
Long term loans from directors and associates	35,644,000	(44,552,000)
Dividend paid	-	(19,500,000)
Net Cash Inflow From Financing Activities	330,271,671	23,958,395
Net (decrease)/ increase in cash and cash equivalents	17,720,522	95,334
Cash and cash equivalents at beginning of the period	8,408,728	24,661,647
Cash and bank balances at the end of the period	26,129,250	24,756,981

The annexed notes form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi

Dated : April 29, 2013

QUETTA TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For the Nine Months Ended March 31, 2013

Particulars	Share capital	Reserves					Sub total	Total
		Share premium	Capital reserves	General reserves	Gain/(loss) on available for sale investments	Unappropriated profit		
Rupees								
Balance as at June 30, 2011	130,000,000	651,750,000	1,200	115,000,000	(326,991)	1,295,695,419	2,062,119,628	2,192,119,628
Final dividend for the year June 30, 2011 @ Rs. 1.5 per share	-	-	-	-	-	(19,500,000)	(19,500,000)	(19,500,000)
Total comprehensive income for the half year ended March 31, 2012	-	-	-	-	1,345,498	7,847,074	9,192,572	9,192,572
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	21,977,603	21,977,603	21,977,603
Balance as at March 31, 2012	130,000,000	651,750,000	1,200	115,000,000	1,018,507	1,306,020,096	2,073,789,803	2,203,789,803
Balance as at June 30, 2012	130,000,000	651,750,000	1,200	115,000,000	-	1,341,938,731	2,108,689,931	2,238,689,931
Total comprehensive income for the half year ended March 31, 2013	-	-	-	-	-	122,058,162	122,058,162	122,058,162
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	20,418,935	20,418,935	20,418,935
Balance as at March 31, 2013	130,000,000	651,750,000	1,200	115,000,000	-	1,484,415,828	2,251,167,028	2,381,167,028

The annexed notes form an integral part of these financial statements.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Karachi:

Date: April 29, 2013

QUETTA TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTH ENDED MARCH 31, 2013

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated as a public limited company on January 29, 1970. Its shares are quoted on the Karachi Stock Exchange. The main business of the company is manufacturing and sale of yarn and fabric. The registered address of the company is Nadir House, Ground Floor, I.I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

Statement of Compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2012.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the Nine months ended March 31, 2013. These condensed interim financial statements also include the condensed interim income statement for the quarter and nine months ended March 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2012 except amendments in International Accounting Standard 1 (Revised) 'Presentation of Financial Statements' which became applicable from the financial periods beginning on or after 1 January 2012. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June, 2012.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.

5 ACQUISITION AND DISPOSAL OF FIXED ASSETS - (AT COST)

	MARCH R 31, 2013		MARCH R 31, 2012		
	ADDITIONS	DISPOSALS	ADDITIONS	DISPOSAL	
	RUPEES		RUPEES		
Land	1,379,742			-	-
Building lese hold	11,218,004	-	6,536,872		
Plant and machinery	126,315,400		127,996,769	-	
Electrical fitting	2,129,725		10,237,561	-	
Factory equipment	641,950			-	
Office equipment	579,453		843,944	-	
Furniture and fixture	185,054		55,015	-	
Vehicles	1,640,505	(2,225,500)	2,880,840	(1,847,500)	
	<u>144,089,833</u>	<u>(2,225,500)</u>	<u>148,551,001</u>	<u>(1,847,500)</u>	-

6 STOCK IN TRADE

The carrying value of pledge stock amount to Rs. 1,620,992,722 -

7 CONTINGENCIES AND COMMITMENTS

Contingencies

There has been no significant changes in contingencies as disclosed in the audited financial statement for the year ended June 30, 2012.

	31-Mar 2013	31-Mar 2012
Commitments		
Civil works	101,000,000	60,000,000
	-	
	<u>101,000,000</u>	<u>60,000,000</u>
Raw material, Stores, spares and packing material under letter of credit	98,750,701	103,755,922
	<u>199,750,701</u>	<u>103,755,922</u>

8 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties	Relationship	(Un-audited)	(Un-audited)
Loan received/(repaid) - net	Key management personnel	31,144,000	(6,920,000)
Salaries and other employees benefits	Key management personnel	2,845,423	2,014,333

9 CYCLICALITY OF OPERATIONS

The textile business is an all year business, however, major raw material purchases i.e. cotton, takes place during the four months from October to January. This leads to higher figures in respect of stocks and bank borrowings.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 29, 2013 by Board of Directors of the Company.

11 GENERAL

Figures have been rounded off to the nearest rupee.

TARIQ IQBAL
Chief Executive

OMER KHALID
Director

Dated April 29, 2013